



Theewaterskloof



Municipality

Financial Statements

30 June 2008

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GENERAL INFORMATION

MEMBERS OF THE COUNCIL.

Alderman	C B Punt	Executive Mayor	
Councillor	P U Stanfliet	Executive Deputy Mayor	Member of the Executive Mayoral Committee
Councillor	C J M Vosloo	Speaker	
Councillor	C T J Simmers		Member of the Executive Mayoral Committee
Councillor	M Tshaka		Member of the Executive Mayoral Committee
Councillor	S J Vashu		Member of the Executive Mayoral Committee
Councillor	P Adams		
Councillor	A M Arendse		
Alderman	F Z Booysen		
Alderman	M Damon		
Councillor	L M de Bruyn		
Councillor	C Edson		
Councillor	A J Hattingh		
Councillor	P H Makaza		
Councillor	V C Mazembe		
Councillor	V E Mentile		
Alderman	B B Mkhwibiso		
Alderman	C D November		
Councillor	D A Appel		
Councillor	J Swarts		
Councillor	A H van Brakel		
Alderman	D M Veary		
Councillor	C Wood		

GRADING OF LOCAL AUTHORITIES.

Grade 6

AUDITORS.

The Auditor-General

BANKERS.

ABSA Bank, P.O. Box 145, Caledon. 7230

REGISTERED HEAD OFFICE.

6 Plein Street	P.O. Box 24	Telephone number:	028-214 3300
CALEDON	CALEDON	Fax number:	028-214 1289
7230	7230		

MUNICIPAL MANAGER

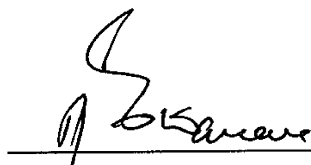
Mr. H.S.D. Wallace

DIRECTOR: FINANCIAL SERVICES

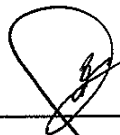
Mr. S.N. Jacobs

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements attached hereto were approved by the Municipal Manager on 29 August 2008. We certify that the salaries, allowances and benefits of Councillors as disclosed in note 14 of the annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Public Officer Bearers Act and the Provincial Minister of Local Government determination in accordance with this Act.



Mr. H.S.D. Wallace
MUNICIPAL MANAGER



Mr. S.N. Jacobs
DIRECTOR: FINANCIAL SERVICES

**REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL
PARLIAMENT AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND
PERFORMANCE INFORMATION OF THEEWATERSKLOOF MUNICIPALITY FOR
THE YEAR ENDED 30 JUNE 2008**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of Theewaterskloof Municipality which comprise the balance sheet as at 30 June 2008, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages xx to xx.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with an entity-specific basis of accounting, as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but

not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The municipality's policy is to prepare financial statements on an entity-specific basis of accounting, as set out in accounting policy note 1.

Opinion

9. In my opinion the financial statements of Theewaterskloof Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting as set out in note 1 to the financial statements and in the manner required by the MFMA and DoRA.

Emphasis of matters

Without qualifying my audit opinion, I draw attention to the following matters:

Fruitless and wasteful expenditure

10. As disclosed in note 31 to the financial statements, fruitless and wasteful expenditure to the amount of R42 933 was incurred as a result of legal fees having been paid to reverse land sales relating to the 2005 financial year.

Restatement of corresponding figures

11. As disclosed in accounting policy notes 3 and 6 to the financial statements, assets which were previously written off in the prior period were brought back onto the fixed asset register in the current year figures as part of the preparation for the implementation of the Standards of Generally Accepted Municipal Accounting Practice.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Matters of governance

12. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The municipality had an audit committee in operation throughout the financial year.	■	
• The audit committee operates in accordance with approved written terms of reference.	■	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.	■	
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.	■	
• The internal audit function operates in terms of an approved internal audit plan.		■
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		■
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA.	■	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		■
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		■
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	■	
• The prior year's external audit recommendations have been substantially implemented.	■	
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
• The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.	■	
• The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.	■	
• The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.	■	

Unaudited supplementary schedules

13. The supplementary schedules set out on pages xx to xx of the financial statements do not form part of the financial statements and are presented as additional information. These schedules have not been audited and accordingly, no opinion is expressed thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

14. I have reviewed the performance information as set out on pages xx to xx.

Responsibilities of the accounting officer

15. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

16. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
17. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
18. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

Non-compliance with regulatory requirements

Lack of reporting on all predetermined objectives in annual report

19. While the municipality has prepared an annual performance report in terms of section 46 of the MSA and included it in its annual report, as required by section 121(3)(c) of the MFMA, I draw attention to the fact that the municipality has not reported on all the predetermined objectives, as required by section 46(1)(b) of the MSA.

In this regard, the performance information system was not yet fully implemented and so the information presented in the annual report was brief, focused mainly on finance and did not provide sufficient information relating to operations and development. The reported performance information did not include targets,

actual performance, explanations for inadequate performance or corrective action to be taken.

Internal auditing of performance measurements

20. The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes, as required in terms of section 45 of the MSA.

APPRECIATION

21. The assistance rendered by the staff of Theewaterskloof Municipality during the audit is sincerely appreciated.

Auditor - General
Cape Town

30 November 2008



AUDITOR-GENERAL

REPORT OF THE DIRECTOR: FINANCIAL SERVICES

1. INTRODUCTION

The Financial Statements which follows reflect on the municipality's financial position at 30 June 2008 and the financial performance for the 2007/2008 financial year.

The following significant changes are worth noting:

- Funds and Reserves increased by R5,145,232 (67%) from R7,627,185 to R12,772,417.
- Retained Income decreased by R6,898,567 (49%) from R13,962,255 to R7,063,688.
- Long-term Liabilities increased by R22,518,041 (75%) from R30,188,305 to R52,706,346.
- Net Fixed Assets increased by R11,753,598 (29%) from R40,712,908 to R52,466,506.

Debtors increased by R13,875,933 (70%) from R19,848,185 to R33,724,118. The rate of collection changed to 85% compared to the previous year's 80%. Over R25 million is owed by Indigent and RDP Home Owners. This is one of the main reasons why Prepaid Water Meters will be installed during 2008/2009. Improving the collection rate remains one of the major challenges faced by the municipality to ensure that we remain a going-concern.

Although capital expenditure increased from R16, 291,299 in 2006/2007 to R82,250,679, it should be noted that a high percentage (76%) is financed from Grant funding, mainly Housing (R32,731,986: 40%) which is a Provincial Government Function and the Bucket Eradication (R19,516,509: 24%). It is however worth mentioning that our municipality won the Second Prize in Govan Mbeki Housing Award as well as an Award for the Successful Completion of the Bucket Eradication System which is one of the Millennium Development Goals.

The Finance Directorate is responding to the challenge of improving financial viability and the infrastructure investment planning inter alia as follows:

- Drafting of Financial Viability Strategy which includes improved Credit Control and Debt Collection, Increased Revenue Generation, Tariff Re-structuring, Improved Budgeting and Procurement and Expenditure Management as the major pillars.
- The restructuring of the Credit Control, Debt Collection and Indigents Management Unit and the procurement of a Debt Collection Management System to improve efficiency and effectiveness.
- Establishing and capacitating of the Supply Chain Management Unit to maximise the benefits of healthy competition and value for money.
- The Infrastructure Investment Strategy will also be adopted during 2008/2009.
- Introducing Activity Based Costing
- Enterprise Wide Risk Management
- The Budget Office was established and fully functional to ensure accelerated compliance to the MFMA, Reporting, Budgetary Control and Financial Management Reforms.

The value of political and administrative stability in the municipality has proven to be a major catalyst to improve service delivery and the execution of our constitutional mandate.

2. OPERATING RESULTS

Details of the operating results per department, classification and aim of expenditure are given in appendix D and E. The overall operating results for the year ended 30 June 2008, are as follows:

TABLE 1 (OPERATING RESULTS)					
	Actual 2006/2007	Actual 2007/2008	Variance 06/07> 07/08	Budget 2007/2008	Variance Actual/Budget
INCOME	R	R	%	R	%
Opening - surplus	13,121,394	13,962,255	6		
Operating income for year	191,674,568	238,630,542	24	260,394,346	(8)
Sundry transfers	(7,639,764)	(13,204,744)		0	
Closing - deficit					
	197,156,198	239,388,053		260,394,346	
EXPENDITURE					
Opening - deficit					
Operating expenditure for the year	183,193,943	232,324,365	27	260,394,346	(11)
Closing - surplus	13,962,255	7,063,688		0	
	197,156,198	239,388,053		260,394,346	

2.1 RATES AND GENERAL SERVICES

TABLE 2 (RATES & GENERAL SERVICES)					
	Actual 2006/2007	Actual 2007/2008	Variance 06/07> 07/08	Budget 2007/2008	Variance Actual/Budget
	R	R	%	R	%
Income	147,284,798	189,477,421	29	208,490,807	(9)
Expenditure	143,883,334	188,675,324	31	212,152,718	(11)
Surplus/(deficit)	3,401,464	802,097		(3,661,911)	
Surplus/(deficit) as % of total income	2.3	0.42		(1.76)	

2.2 HOUSING SERVICE

TABLE 3 (HOUSING SERVICE)					
	Actual 2006/2007	Actual 2007/2008	Variance 06/07> 07/08	Budget 2007/2008	Variance Actual/Budget
	R	R	%	R	%
Income	194,458	1,828	(99)	450,000	(99.59)
Expenditure	2,120,424	2,998,590	41	2,853,705	5
Surplus/(deficit)	(1,925,966)	(2,996,762)		(2,403,705)	
Surplus/(deficit) as % of total income	(990)	(163,937)		(534)	

2.3 TRADING SERVICES**TABLE 4 (ELECTRICITY SERVICE)**

	Actual 2006/2007	Actual 2007/2008	Variance 06/07> 07/08	Budget 2007/2008	Variance Actual/Budget
	R	R	%	R	%
Income	23,236,855	27,341,564	17.66	25,596,380	7
Expenditure	18,956,025	20,170,555	6.41	23,018,001	(12)
Surplus/(deficit)	4,280,830	7,171,009		2,578,379	
Surplus/(deficit) as % of total income	18	26		10	

TABLE 5 (WATER SERVICE)

	Actual 2006/2007	Actual 2007/2008	Variance 06/07> 07/08	Budget 2007/2008	Variance Actual/Budget †
	R	R	%	R	%
Income	20,958,457	21,809,729	4	25,857,159	(16)
Expenditure	18,234,160	20,479,896	12	22,369,922	(8)
Surplus/(deficit)	2,724,297	1,329,833		3,487,237	
Surplus/(deficit) as % of total income	13	6		13	

2.4 SUMMARY OF RATES & GENERAL SERVICES AND TRADING SERVICES**TABLE 6 (SUMM: RATES. HOUS. & COMM.)**

	Actual 2006/2007	Actual 2007/2008	Variance 06/07> 07/08	Budget 2007/2008	Variance Actual/Budget
	R	R	%	R	%
Income	191,674,568	238,630,542	24	260,394,346	(8)
Expenditure	183,193,943	232,324,365	27	260,394,346	(11)
Surplus/(deficit)	8,480,625	6,306,177		0	
Surplus/(deficit) as % of total income	4	3		0	

The expenditure that was incurred during the year for fixed assets amounted to R82,250,679. The actual expenditure is 6% less than that for which was budgeted.

TABLE 7 (CAPITAL EXPENDITURE)			
	ACTUAL 2007/2008	BUDGET 2007/2008	VARIANCE ACTUAL/BUDGET
	R	R	%
Town Treasurer	102,323	100,000	2
Traffic Service	734,188	800,000	(8)
Stores and Workshop	12,113	15,000	(19)
Sport & Recreation	959,578	1,000,000	(4)
Roads & Storm water	4,127,003	5,789,256	(29)
Corporate Services	1,657,877	2,296,087	(28)
Waste Management	242,271	246,000	(2)
Waste Water Management	27,336,565	29,568,392	(8)
Planning	278,320	712,968	(61)
Libraries	9,911	10,959	(10)
Operational Services	94,111	100,000	(6)
Parks & Recreation	195,105	205,852	(5)
Housing	32,371,634	28,913,731	12
Water	11,115,805	13,559,604	(18)
Electricity	3,013,694	4,415,342	(32)
	82,250,679	87,733,191	(6)

Resources used to finance the fixed assets were as follows:

TABLE 8 (CAPITAL FINANCING)			
	Actual 2007/2008	Budget 2007/2008	Variance Actual/Budget
	R	R	%
External loans	13,232,872	15,596,559	(15)
Own Funds and Reserves	6,751,324	7,265,000	(7)
Grants and Subsidies	62,266,483	64,871,632	(4)
	82,250,679	87,733,191	(6)

A complete analysis of capital expenditures (budgeted and actually spent) per department, classification or service is given in Appendix C. More details regarding external loans that were used to finance fixed assets are indicated in Appendix B.

3.1 EXTERNAL LOANS, INVESTMENTS AND CASH

On 30 June 2008 the outstanding external loans amounted to R56,791,326 (R33 623 086 on 30 June 2007) as set out in Appendix B. During the year loans of R24, 647,514 were received and loans to the amount of R1,479,274 repaid. On 30 June 2008 the investments amounted to R8, 642,309.

4. FUNDS AND RESERVES

More details regarding funds and reserves are given in the notes (1 to 3) and Appendix A to the financial statements.

5. OPERATING ACCOUNT: INCOME & EXPENDITURE

The detailed particulars of the course of the operating budget (budget compared to the actual figures) were as follows:

TABLE 9 (OPERATING ACCOUNT : EXPENDITURE)				
	2007/2008 Budgeted	2007/2008 Actual	% of Total	Under-allocated (Over-Allocated)
EXPENDITURE	R			
Employee Related Costs	63,917,186	57,455,870	25	6,461,316 [10%]
Remuneration of Councillors	5,002,565	4,885,908	2	116,657 [2%]
Bad Debts	11,189,897	11,189,897	5	-
Depreciation	4,924,574	2,413,948	1	2,510,626 [51%]
Repairs and maintenance	14,952,970	12,338,401	5	2,614,569 [17%]
Interests and External Borrowings	5,274,435	3,976,790	2	1,297,645 [25%]
Bulk Purchases	17,014,542	17,013,556	7	986 [0.01%]
Contracted Services	18,373,482	8,349,091	4	10,024,391 [55%]
General Expenditure	53,065,303	50,919,101	22	2,146,202 [4%]
Contributions to Fixed Assets	61,679,392	61,532,563	26	146,829 [0.24%]
Contributions to Funds, Reserves & Provisions	5,000,000	2,249,240	1	2,750,760 [55%]
TOTAL	260,394,346	232,324,365	100	28,069,981[11%]

TABLE 9 (OPERATING ACCOUNT : INCOME)				
	2007/2008 Budgeted	2007/2008 Actual	% of Total	Under-allocated (Over-Allocated)
INCOME				
Property Rates	34,562,391	30,593,875	13	3,968,516 [11%]
Service Charges	75,185,015	74,703,037	31	481,978 [1%]
Interest Earned External	965,661	838,035	0.35	127,626 [13%]
Interest Earned Debtors	4,563,133	7,255,607	3	-2,692,474 [-59%]
Fines	15,050,000	6,320,037	2.65	8,729,963 [58%]
Government Grants	95,026,610	90,782,412	38	4,244,198 [4%]
Other income	35,041,536	28,137,539	12	6,903,997 [20%]
TOTAL	260,394,346	238,630,542	100	21,763,804[8%]



S N Jacobs
DIRECTOR : FINANCIAL SERVICES

ACCOUNTING POLICY

1. BASIS OF PRESENTATION

These financial statements are compiled to comply with the standards laid down by the Institute of Municipal Financial Officers (IMFO) in its Code of Practice for the Accounting of Local Authorities in SA (1996) and the Financial Statements of Local Authorities (1996, 2nd edition, as revised) and generally accepted accounting practice. A request was made in terms of Government Gazette No. 30013 dated 29 June 2007 to be exempted (as a Medium Capacity Municipality) from complying with the prescribed requirements referred to in Section 122 (2) and (3) of the Municipal Finance Management Act, 2003 to prepare consolidated Financial Statements in accordance with Generally Recognised Accounting Practice (GRAP). Approval was granted by National Treasury.

The financial statements are compiled on an historical cost basis and adjusted for fixed assets, as set out in Note 3 of the accounting policy. The accounting policies correspond to those of the previous year, except where otherwise indicated.

The Financial Statements are prepared on the accrual basis as stated:

* Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences.

* Expenditure is accrued in the year it is incurred, except as mentioned in paragraph 14.1

2. CONSOLIDATION

The financial statement includes Rates and General Services, Housing Service, Commercial Services and the various funds, reserves and provisions. All inter-departmental charges are treated as income and expenditure in the various departments.

3. FIXED ASSETS

3.1 Recognition

During the year a complete survey of all assets was made during the year in order to prepare for the implementation of GAMAP. Assets are initially recognised at cost. During the year various assets were brought back onto the fixed asset register as part of the preparation for GAMAP. These assets were recognised at their historic cost or, if not practically obtainable, at management's best estimate of their original cost.

3.2 De-recognition

Fixed assets are derecognised at the earlier of signing the contract or disposal.

3.3 Depreciation

The balance that is shown against the heading "Loans redeemed and other Capital receipts" in the notes to the balance statements is equivalent to a provision for depreciation. There are, however, structural differences between the two concepts. According to this assets are written off from "Provisions" over their projected lifespan. Apart from advances from the various council funds, assets may also be acquired through:

* Appropriations from income, where the full cost of the asset forms an immediate and direct charge against operating income and it is therefore not necessary to make any further provision for depreciation.

* Grant or donation, where the amount representing the value of such grant or donation, is immediately credited to the "Loan Redeemed and other Capital Receipts" account.

- 3.4 Capital assets are financed from various sources, including external loans, operating income, grants and internal advances. The loans and advances repaid within the projected useful lifespan of the assets that are financed from such loans and provisions. Interest is debited against the service concerned at a pre-approved interest rate at the time of the granting of the advance.

4. INVENTORY

No official consumer stock, excluding diesel, is carried as all stock is available locally and / or obtainable from Cape Town within 24 hours. Stock is valued at the lower of cost, calculated on weighted average, and net realisable value.

5. RETIREMENT BENEFITS

Monthly paid personnel are members of the Cape Joint Pension Fund, SALA and SAMWU provident funds. Members / Council contribute in the proportion of 9% / 18% of the member's basic salary. Full actuarial valuations are performed regularly by the Funds.

6. SURPLUSES AND DEFICITS

Any surpluses or deficits that originate from the operation of the Electricity and Water service are transferred to the Rates and General Services in order by so doing to alleviate deficits there and in an effort to keep the rates tariff within affordable limits.

7. TREATMENT OF ADMINISTRATIVE AND OTHER OVERHEAD COSTS

The cost of internal support services are, in accordance with the guidelines in the IMFO's Report on the Accounting Treatment for Support Services (1990), debited against various services on the basis of the time that is spent and the cost of facilities that are used.

8. LEASED ASSETS

Where fixed assets are obtained on the basis of lease financing, they are capitalised.

All other leases (for instance, photocopiers) are treated as operating rent leases and the relevant rentals are charged to the operating account in a systematic manner relating to the period of use of the assets concerned.

9. INVESTMENTS

Investments are shown in the financial statements at original cost and are invested in the securities that are prescribed in Section 2 of Ordinance 23 of 1935 and the Code of Conduct for Investments as compiled by the IMFO. All monies are invested with institutions registered in terms of the Deposit Taking Institutions Act, 1990.

10. DEFERRED CHARGES

Represents :

The balance outstanding (if any), of the cost incurred in raising loans on the capital market; it is recovered from operating income over the term of the loans concerned.

11. INCOME ACKNOWLEDGEMENT

11.1 Electricity and Water Levies

Meters on all properties are read monthly and invoiced. If a meter(s) is not read for one or other reason, an account is rendered that is based on the average consumption of the previous three months and any adjustment(s) takes place in the following month.

11.2 Property Rates

A general valuation of all the properties in Theewaterskloof was carried out and came into effect on 1 July 2003. An Interim Valuation was implemented at the end of the financial year.

12. PROVISIONS

12.1 Lump Sum Pensions

The provision is created in accordance with negotiations within the Bargaining Council. Beneficiaries from the provision are employees who did not previously have the opportunity to belong to a pension or provident fund and until 31 December 1994 had a year or more completed service, and were still in the service of the Council on 1 July 1998. The lump sum pension accrues to the employee on normal retirement, medical disability, death and / or staff reduction.

12.2 Leave Gratuity

Provision for leave gratuity is created in accordance with the employees' leave credits as at 30 June 2008.

12.3 Bad Debts

Provision for Bad debts is made in accordance with the Provision for Bad Debt Policy approved by Council on 28 April 2005. Provision are made for an amount equal to outstanding consumer debtors, less outstanding in respect of housing schemes and housing loans, for 120 days and longer. If the amount budgeted for the provision for bad debts is insufficient to cover the amount mentioned, the difference will be recovered from the retained surplus.

13. FUNDS AND RESERVES

13.1 General

Only Funds and Reserves that are fully funded on 30 June 2008 are shown in the financial statements.

14. TRADE CREDITORS

- 14.1 Provision is made for trade creditors at year end. Invoices received up to 31 July 2008 were taken into account when compiling the Financial Statements.

15. ASSET FINANCING RESERVE

- 15.1 Council established an Asset Financing Reserve as resolved with the adoption of a Medium Term Budget in May 2005.
- a. The following contributions will be made to the Fund:
 - (i) 80% of all income from land sales
 - (ii) All receipts in respect of contributions to bulk services
 - b. The fund must be funded by cash
 - c. The minimum balance of the fund is R 2 000 000
 - d. All costs of making erven available such as, subdivision and the provision of services will be debited against the fund.
 - e. In the event of a disaster and no funds are received for disasters from the National and Provincial Disasters Fund, funds from the Asset Financing Reserve will be utilised for this purpose, where funds are available and emergency expenditure are authorised by the Executive Mayor.

BALANCE SHEET AT 30 JUNE 2008

	NOTE	2007/2008 R	2006/2007 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		12,772,417	7,627,185
Statutory funds	1	0	0
Reserves	2	12,772,417	7,627,185
(ACCUMULATED DEFICIT)/RETAINED INCOME	17	7,063,688	13,962,255
		19,836,105	21,589,440
TRUST FUNDS	3	16,503	16,503
LONG TERM LIABILITIES	4	52,706,346	30,188,305
CONSUMERS DEPOSITS	5	2,395,273	2,264,796
		74,954,227	54,059,044
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	52,466,506	40,712,908
LONG TERM DEBTORS	8	157,804	176,621
		52,624,310	40,889,529
NET CURRENT OPERATING ASSETS/(LIABILITIES)		22,329,917	13,169,515
CURRENT ASSETS		54,066,158	37,136,278
Inventory	9	0	0
Debtors	10	33,724,118	19,848,185
Short term investments	7	8,642,309	14,554,398
Short term portion of long term debtors	8	28,108	50,052
Bank balances and cash	23	11,671,623	2,683,643
CURRENT LIABILITIES		(31,736,241)	(23,966,763)
Provisions	11	(4,869,047)	(5,256,109)
Unspent Grants	12	(3,726,896)	(6,285,572)
Creditors	13	(19,055,318)	(8,990,301)
Short term portion of long term liabilities	4	(4,084,980)	(3,434,781)
Bank overdraft	23	-	-
		74,954,227	54,059,044

INCOME STATEMENT FOR THE YEAR
ENDED 30 JUNE 2008

2006/2007 Actual Income	2006/2007 Actual Expenditure	2006/2007 Surplus/ (Deficit)		2007/2008 Actual Income	2007/2008 Actual Expenditure	2007/2008 Surplus/ (Deficit)
R	R	R		R	R	R
11,429,125	14,186,790	(2,757,665)	Executive & Council	13,716,671	24,906,820	(11,190,149)
56,226,933	30,100,711	26,126,222	Finance & Admin	67,493,512	25,939,463	41,554,049
3,639,494	5,274,844	(1,635,350)	Planning & Development	3,571,764	6,453,699	(2,881,935)
1,866,804	1,544,476	322,328	Health	-	-	-
3,103,450	5,463,825	(2,360,375)	Community & Social Services	3,572,171	7,320,171	(3,748,000)
194,458	2,120,424	(1,925,966)	Housing	1,828	2,998,591	(2,996,763)
7,021,885	9,457,959	(2,436,074)	Public Safety	6,331,339	8,869,819	(2,538,480)
151,779	4,879,303	(4,727,524)	Sport & Recreation	147,523	5,896,216	(5,748,693)
-	38,678	(38,678)	Environmental Protection			-
12,849,155	12,663,355	185,800	Waste Management	15,102,640	14,259,650	842,990
10,658,636	9,336,333	1,322,303	Water Waste Management	11,788,886	10,916,303	872,583
3,788,938	14,407,909	(10,618,971)	Road Transport	5,060,603	16,250,187	(11,189,584)
20,958,457	18,234,160	2,724,297	Water	21,809,729	20,479,896	1,329,833
23,236,855	18,956,025	4,280,830	Electricity	27,341,564	20,170,555	7,171,009
36,548,599	36,529,151	19,448	Other	62,692,312	67,862,995	(5,170,683)

191,674,568	183,193,943	8,480,625	TOTAL	238,630,542	232,324,365	6,306,177
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(7,639,764)	Appropriations for the year (Refer to note 17)	(13,204,744)
840,861	Net surplus/(deficit) for the year	(6,898,567)
13,121,394	Accumulated surplus/(deficit) at the beginning of the year	13,962,255
13,962,255	Accumulated surplus/(deficit) at the end of the year	7,063,688

CASH FLOW STATEMENT FOR THE YEAR ENDED
30 June 2008

	NOTE/ APP	2007/2008 R	2006/2007 R
CASH RETAINED FROM OPERATING ACTIVITIES		62,158,330	16,120,052
Cash generated by operations	18	6,233,131	1,845,783
Investment income	16	2,833,353	1,128,807
(Increase)/decrease in working capital	19	(6,198,354)	6,941,689
		2,868,130	9,916,279
LESS : External interest paid	16	(3,976,791)	(2,997,701)
Cash available from operations		(1,108,661)	6,918,578
Cash contributions from the public and the State		62,030,823	8,827,297
Net proceeds on disposal of fixed assets		1,236,168	374,177
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets	C	(82,250,679)	(16,291,299)
NET CASH FLOW		<u>(20,092,349)</u>	<u>(171,247)</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/(decrease) in long-term loans	20	23,168,240	9,509,162
Increase/(decrease) in short-term loans	21	-	
(Increase)/decrease in cash investments	22	5,912,089	(6,878,290)
(Increase)/decrease in cash	23	(8,987,980)	(2,459,625)
Net cash (generated)/used		<u>20,092,349</u>	<u>171,247</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2008

	<u>2007/2008</u>	<u>2006/2007</u>
	R	R
1 STATUTORY FUNDS		
Housing Service	-	-
<i>[refer to Appendix A]</i>	-	-
2 RESERVES		
Loan Redemption Fund	4,177,380	2,570,300
Asset Financing Fund	8,595,037	5,056,885
<i>[refer to Appendix A]</i>	12,772,417	7,627,185
3 TRUST FUNDS		
New Library		
Group Insurance Fund	16,503	16,503
<i>[refer to Appendix A]</i>	16,503	16,503
4 LONG TERM OBLIGATIONS (EXTERNAL)		
Locally Registered Stock	-	-
Annuity Loans (External)	56,791,326	33,623,086
Short-term Loans		
	56,791,326	33,623,086
<i>Less : Current portion transferred to Current liabilities</i>	4,084,980	3,434,781
Government loans : Individual loans		
Locally registered stock		
Annuity loans (External)	4,084,980	3,434,781
Short-term loans		
<i>[refer to appendix B for more details on long-term liabilities]</i>	52,706,346	30,188,305
Annuity Loans		
Annuity loans carry interest at rates that vary between 8.5% and 17.55% on external loans.		
None of the loans are secured by any assets of the Council		
5 CONSUMERS DEPOSITS		
Electricity and Water	2,395,273	2,264,796
6 FIXED ASSETS		
Fixed assets at the beginning of the year	147,063,566	246,292,845
Capital Expenditure during the year	82,250,679	16,291,299
	229,314,245	262,584,144
Add: Revaluation and Corrections	164,706,597	(115,520,578)
Total fixed assets	394,020,842	147,063,566
Less: Loans redeemed and other capital receipts	(340,318,168)	(106,350,658)
Disposal of fix assets	(1,236,168)	
Net fixed assets	52,466,506	40,712,908
<i>[refer to appendix C and section 2 of the Director: Financial Services report for more details on assets]</i>		

		<u>2007/2008</u>	<u>2006/2007</u>
		R	R
7	INVESTMENTS		
	Management's valuation of unlisted investments:		
	Fixed deposits		
	Call deposits	8,642,309	14,554,398
	Total of investments	8,642,309	14,554,398
	Average rate of return on investments	9.1	9.1
	Investments are indicated in the statements at original cost and are invested in the securities that are prescribed in Sect. 2 of Ordinance 23 of 1935 and the User's Code for Investments as compiled by the I.M.F.O. All monies are invested with institutions registered in terms of the Deposit Taking Institutions Act of 1990.		
	No investments were written off during the year.		
8	LONG TERM DEBTORS		
	Housing loans, Car loans, Sports clubs	185,912	226,673
	Housing loans (Schemes)	-	-
		185,912	226,673
	Less: Short-term portion transferred to current assets	(28,108)	(50,052)
		157,804	176,621
9	INVENTORY		
	Only diesel consumption stock is carried as all stock is locally obtainable or is obtainable within 24 hours from Cape Town.	-	-
10	DEBTORS		
	Current debtors (Consumers)	77,582,685	67,246,756
	Current debtors (Other)	15,250,114	9,896,661
	[amounts paid in advance already taken into account]		
	Overspent Donation monies		
	Less : Provision for Bad Debts (HMF)	(59,108,681)	(57,295,232)
		33,724,118	19,848,185
	Total bad debt written off	17,992,055	1,069,785
	% of total operating income	8.0	0.6
11	PROVISIONS		
	Leave Pay	4,820,569	5,191,690
	Lump Sum Pensions	48,478	64,419
	[refer to appendix A for more details]	4,869,047	5,256,109

	<u>2007/2008</u>	<u>2006/2007</u>
	R	R
12	UNSPENT GRANT MONIES	
Suspense: MIG Funds	-	(620,880)
Suspense: ROR	(545,495)	(300,000)
Suspense: MSIG Funds	(228,919)	(604,110)
Suspense: CDW's	(322,977)	(180,000)
Suspense: Financial Management Grant	(386,902)	(508,241)
Suspense: GIS	(117,552)	(399,407)
Suspense: LGSETA	(56,030)	(113,253)
Suspense: Botrivier Library	-	(1,959)
Suspense: Project Preperation Grant	(69,400)	(62,500)
Suspense: Masibambani DWAF	(78,398)	(71,259)
Suspense: Financial Reform ODM	-	(17,740)
Suspense: Culemborg Play Parks	(12,852)	(12,852)
Suspense: Department of Transport	-	-
Suspense: Toilets Grabouw	(21,076)	(160,000)
Suspense: National Electrification Programme	(309,906)	(1,057,192)
Suspense: Housing	(1,220,940)	(487,731)
Suspense: Genadendal Water Upgrade	(8,615)	(138,480)
Suspense: Dennekruin Town Establishment	(49,968)	(49,968)
Suspense: Sportsfields Villiersdorp	(40,422)	(1,000,000)
Suspense: Multi-purpose Bus	(257,444)	(500,000)
	(3,726,896)	(6,285,572)
13	CREDITORS	
Other Creditors	18,771,699	7,706,849
Deposits: Other	283,619	1,283,452
	19,055,318	8,990,301
14	COUNCILLOR'S REMUNERATION	
Mayor	481,696	485,945
Deputy Mayor	388,236	391,030
Speaker	388,236	391,979
Members of Mayoral Comitee	1,059,673	1,095,743
Councillors	2,568,067	2,705,817
<i>[Allowances were based on 100% of the permissible maximum notch for a Grade 3 Local Authority]</i>	4,885,908	5,070,514

	2007/2008	2006/2007
	R	R
15 AUDITOR'S REMUNERATION		
Audit fees (VAT excluded)	991,156	766,428
No amount was outstanding on 30 June 2008.		
16 FINANCE TRANSACTIONS		
<i>Total external interest earned/paid :</i>		
& Interest earned	2,833,353	1,128,807
& Interest paid	3,976,791	2,997,701
<i>Capital charges debited to operating account :</i>		
Interest : External	3,976,791	2,997,701
Redemption : External (Appendix. B)	1,479,274	1,668,582
	5,456,065	4,666,283
17 APPROPRIATIONS		
<i>Appropriations Account :</i>		
Retained Income at the beginning of the year	13,962,255	13,121,394
Operating Surplus/(-deficit) for the year	6,306,177	8,480,625
<i>Appropriations for the year :</i>	(13,204,744)	(7,639,764)
Contributions to Bad Debts		
Net settlements from previous year	(13,204,744)	(7,639,764)
Accumulated surplus /(deficit) at the end of the year	7,063,688	13,962,255
18 CASH GENERATED BY OPERATIONS		
Surplus/(Deficit) for the year	6,306,177	8,480,625
Adjustments i.r.o. previous years' operating transactions	(13,204,744)	(7,639,764)
Adjustments i.r.o. exceptional items		
<i>Appropriations charged against income</i>	9,530,117	6,816,377
Funds	-	47,362
Reserves	3,149,914	3,474,566
Provisions	(371,121)	3,294,449
Fixed Assets	6,751,324	
Capital ex Income		
	2,631,550	7,657,238
CAPITAL CHARGES	5,456,065	4,666,283
<i>Interest paid :</i>		
- on External funds	3,976,791	2,997,701
<i>Redemption :</i>		
- Internal advances (Appendix. B)		
- External loans (Appendix. B)	1,479,274	1,668,582
Deferred charges written off		
Investment income (Operating account)	(838,035)	(1,128,807)
Grants and Subsidies (Operations)	(1,000,508)	
<i>Non-operating expenditure:</i>		
Expenditure charged against Provisions and Reserves:		
Statutory funds	-	(8,677,274)
Trust funds	-	
Reserves		(671,657)
Provisions	(15,941)	
	6,233,131	1,845,783

		<u>2007/2008</u>	<u>2006/2007</u>
		R	R
19	DECREASE/(INCREASE) in WORKING CAPITAL		
	Decrease/(Increase) in inventory	-	-
	Decrease/(Increase) in debtors	(13,835,172)	7,387,795
	Increase/(Decrease) in creditors	7,636,818	(446,106)
		(6,198,354)	6,941,689
		R	R
20	INCREASE/(DECREASE) in LONG TERM LOANS (EXTERNAL)		
	Loans raised	24,647,514	11,177,744
	Loans repaid	(1,479,274)	(1,668,582)
		23,168,240	9,509,162
21	INCREASE/(DECREASE) in SHORT TERM LOANS (EXTERNAL)		
	Loans raised	-	-
	Loans repaid	-	-
		-	-
22	DECREASE/(INCREASE) in EXTERNAL CASH INVESTMENTS		
	Investments made	5,912,089	(6,878,290)
	Investments realised		
		5,912,089	(6,878,290)
23	DECREASE/(INCREASE) in CASH ON HAND		
	Cash balance at the beginning of the year	2,683,643	224,018
	Less : Cash balance at the end of the year	11,671,623	2,683,643
		(8,987,980)	(2,459,625)
24	RELATED PARTIES		
	Cllr. D.A. Appel	0	39,490
	Total	0	39,490
25	BULK PURCHASES		
	Electricity	12,859,752	11,803,385
	Water	4,153,804	3,961,616
		17,013,556	15,765,001

		2007/2008	2006/2007
26	EMPLOYEE RELATED COSTS		
<u>Remuneration of the Municipal Manager</u>			
	Annual Remuneration	543,989	531,794
	Performance Bonuses	102,645	
	Car Allowance	125,640	125,640
	Contributions to UIF, Medical and Pension Funds	63,552	12,566
	Total	835,826	670,000
 <u>Remuneration of the Director Operational Services</u>			
<u>1 February 2007 to 31May 2008</u>			
	Annual Remuneration	349,187	171,610
	Performance Bonuses	63,193	
	Car Allowance	66,000	30,000
	Contributions to UIF, Medical and Pension Funds	148,643	36,594
	Total	627,023	238,204
 <u>Remuneration of the Director Corporate Services</u>			
	Annual Remuneration	472,343	420,052
	Performance Bonuses	62,670	
	Car Allowance	60,000	60,000
	Contributions to UIF, Medical and Pension Funds	94,360	85,543
	Total	689,373	565,595
 <u>Remuneration of the Director Community Services</u>			
<u>1 February 2007 to 30 June 2008</u>			
	Annual Remuneration	383,133	153,298
	Performance Bonuses		
	Car Allowance	120,000	50,000
	Contributions to UIF, Medical and Pension Funds	112,922	34,906
	Total	616,055	238,204
 <u>Remuneration of the Director Financial Services</u>			
	Annual Remuneration	432,821	444,844
	Performance Bonuses	91,339	25,417
	Car Allowance	120,000	120,000
	Contributions to UIF, Medical and Pension Funds	99,600	16,598
	Total	743,760	606,859
27	CONTINGENT LIABILITIES & CONTRACTUAL OBLIGATIONS		
	Contingent Liabilities	0	0
	Contractual Obligations	14,302,637	9,624,461
28	UNAUTHORISED EXPENDITURE		

29	ADDITIONAL DISCLOSURES IN TERMS OF MFMA
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29.1 List of all municipal entities under the sole or shared control of the municipality

None

29.2 Contributions to organised local government

Opening Balance

Council subscriptions	232,847	146,836
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Amount paid - current year	232,847	146,836
----------------------------	---------	---------

Amount paid - previous year

Balance unpaid (included in creditors)	0	0
--	---	---

29.3 VAT

VAT payment due from the SARS	1,407,603	1,022,528
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VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year

29.4 PAYE and UIF

Opening Balance		0
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Current year payroll deductions	5,930,583	5,037,683
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Amount paid - current year	5,930,583	5,037,683
----------------------------	-----------	-----------

Amount paid - previous year		0
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Balance unpaid (included in creditors)	0	0
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29.5 Pension and Medical Aid Deductions

Opening Balance	0	0
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Current year payroll deductions and Council Contributions	13,396,946	10,603,902
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Amount paid - current year	13,396,946	10,603,902
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Amount paid - previous year	0	0
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Balance unpaid (included in creditors)	0	0
--	---	---

30	DISCLOSURE TO FINANCIAL STATEMENTS IN TERMS OF REGULATION 36(2) OF THE MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS
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Written quotations up to R 30,000	1,695,990	
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Formal written quotations R 30,000 to R 200,000.00	1,816,466	
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Tenders above R 200,000.00	253,782	
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	3,766,238	0
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General reasons for deviations are inter alia the following:

- * Emergencies, eg. Floods and areas where delays in repairs to Sewer, Water, etc. could result in loss of lives, health hazards and reputational risks.
- * Parts / Equipment / Engines have to be stripped in order to determine the extent of repairs required.
- * Where the required number of suppliers fail to quote or tender after duly advertisement.
- * Sole suppliers of goods and services.

31	DISCLOSURE OF FRUITLESS AND WATEFUL EXPENDITURE
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Guthrie & Theron	42,933	0
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(Legal fees had to be paid to reverse land sales relating to the year 2005)

		<u>2007/2008</u>	<u>2006/2007</u>
32	ASSESSMENT RATES		
<u>Rateable site valuations at 1 July:</u>			
Residential		1,079,154,903	1,081,770,144
Commercial		293,526,500	294,590,500
Government		61,009,800	61,009,800
Municipal		99,648,860	98,045,660
Total site valuations at 1 July		1,533,340,063	1,535,416,104
<u>Basic rate</u>			
Residential		1.4527c/R	1.37047c/R
Commercial		1.4527c/R	1.37047c/R
<u>Rates income</u>			
General		30,593,875	24,575,215

Valuations on land are performed every five years and the last general valuation came into effect on 1 July 2003. Rebates were granted on land with buildings used solely for dwelling purposes as follows:

Residential - The first R15 000 on the valuation is exempted

APPENDIX A

STATUTORY FUNDS, RESERVES, TRUST FUNDS AND PROVISIONS

Description	Balance 01/07/2007	Contributions ex Gen. 2007/2008	Interest 2007/2008	Other Contributions 2007/2008	Capital Expenses 2007/2008	Other Expenses 2007/2008	Written back	Balance 30/06/2008
1. STATUTORY FUNDS	-	-	-	-	-	-	-	-
Housing development	-							-
2. RESERVES	7,627,185	3,149,914	1,995,318	-	-	-	-	12,772,417
Loan redemption fund	2,570,300	934,674	672,406					4,177,380
Asset Financing fund	5,056,885	2,215,240	1,322,912					8,595,037
3. TRUST FUNDS	16,503	-	-	-	-	-	-	16,503
Group Insurance	16,503	-	-	-	-	-	-	16,503
TOTAL: STAT.F./RES	7,643,688	3,149,914	1,995,318	-	-	-	-	12,788,920
4. PROVISIONS	5,256,109	-	-	-	-	15,941	371,121	4,869,047
Leave Gratuity fund	5,191,690						371,121	4,820,569
Lump Sum Pension	64,419					15,941		48,478
TOTAL: PROVISIONS	5,256,109	-	-	-	-	15,941	371,121	4,869,047

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance at 01/07/2007	Received during the year	Redeemed or written off during the year	Balance at 30/06/2008
EXTERNAL LOANS				
ANNUITY LOANS	33,623,086	24,647,514	1,479,274	56,791,326
				-

(refer to note 4)

33,623,086	24,647,514	1,479,274	56,791,326
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APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2006/2007	SERVICE	Budget 2007/2008	Balance at 01/07/2007	Revaluation and Re-allocation 2007/2008	Expenditure 2007/2008	Corrections 2007/2008	Written off, transferred or redeemed during the year	Balance at 30/06/2008
R		R	R		R		R	R
10,931,993	RATES & GENERAL SERVICES	40,844,514	112,400,397	9,302,449	35,749,365	122,878,885	1,236,168	279,094,928
2,752,468	Community Services	10,813,311	88,939,672	5,053,379	7,965,513	71,953,531	1,236,165	172,675,930
30,308	Council General	-	-	-	-	389,353	-	389,353
	Municipal Manager		297,931	29,779		52,529		380,239
	Town Treasurer	100,000	-	549,720	102,323	258,006	15	910,034
	Traffic Services	800,000	278,655	663,119	734,188	551,681	80	2,227,563
	Stores/Workshop	15,000	-	950,111	12,113	24,696	1	986,919
	Human Resources	5,000	-	99,667	4,453	131		104,251
	ODM		-			1		1
	Cemeteries		503,981			305,421		809,402
	Sports Grounds	1,000,000	-		959,578	131,432		1,091,010
	Secretary			13,095		18		13,113
2,173,987	Roads & Storm Water	5,789,256	11,282,476	1,377,701	4,127,003	67,565,042		84,352,222
548,173	Corporate Services	2,276,087	743,685	993,800	1,641,084	878,147	69	4,256,647
	Information Technology	15,000	-		12,340			12,340
	Other Assets		4,519			(4,519)		-
	Vehicles		116			(116)		-
	Planning Services	712,968		134,657	278,320	77,538,460	1,236,000	76,715,437
	Operational Services	100,000		241,730	94,111	91,558		427,399
	Property		75,454,475			(75,454,475)		-
	Planning		373,834			(373,834)		-
408,367	Subsidised Services	216,811	3,308,477	1,033,093	205,016	30,401,022	1	34,947,607
	Library	10,959	-	368,618	9,911	286,715	1	665,243
	Civil Protection & Fire Protection		19,534			(19,534)		-
408,367	Municipal Buildings and Grounds		2,796,049	174,088		28,844,791		31,814,928
	Nature Garden	33,000		86,959	32,281	44,943		164,183
	Parks & Recreation	172,852	492,894	403,428	162,824	1,244,107		2,303,253
7,771,158	Economic Services	29,814,392	20,152,248	3,215,977	27,578,836	20,524,332	2	71,471,391
929,582	Cleansing & Sanitation	246,000	3,233,755	1,316,931	242,271	838,493		5,631,450
6,841,576	Sewerage & Purification	29,568,392	16,918,493	1,899,046	27,336,565	19,667,833	2	65,821,935
	Camping & Swimming Bath		-			18,006		18,006
-	HOUSING SERVICE	28,913,731	123,248	10,721	32,371,986	(108,964)	-	32,396,991
	Administration Housing	28,913,731	123,248	10,721	32,371,986	(108,964)		32,396,991
	Mun. Infrastructure Service	-	-					-
5,359,306	TRADING SERVICES	17,974,946	34,539,921	1,094,130	14,129,328	31,529,376	-	81,292,755
3,036,590	Electricity	4,415,342	11,137,544	318,477	3,013,694	10,436,151		24,905,866
2,322,716	Water	13,559,604	23,402,377	775,653	11,115,634	21,093,225		56,386,889
16,291,299	TOTAL : FIXED ASSETS	87,733,191	147,063,566	10,407,300	82,250,679	154,299,297	1,236,168	392,784,674

LESS: LOANS REDEEMED AND OTHER

CAPITAL RECEIPTS

Loans redeemed, advances repaid
Contributions from Operating income
Provisions and Reserves
Grants and Subsidies
Contributions from the public
Revaluation & Corrections

NET FIXED ASSETS

(106,350,658)	(164,706,597)	(69,017,807)	-	(243,106)	(340,318,168)
(11,330,551)				(1,479,274)	(12,809,825)
(133,000)		(6,751,324)		1,236,168	(5,648,156)
-					-
(94,887,107)		(62,266,483)			(157,153,590)
-					-
-	(164,706,597)				(164,706,597)
40,712,908	(154,299,297)	13,232,872	154,299,297	993,062	52,466,506

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2008

BUDGET

ACTUAL

2006 / 2007	2007 / 2008		2007 / 2008	2006 / 2007
REVENUE				
24,575,215	34,562,391	Property Rates	30,593,875	24,174,395
66,982,745	75,185,015	Service Charges	74,703,037	65,138,306
500,000	965,661	Interest Earned - External Investments	838,035	1,128,807
3,600,000	4,563,133	Interest Earned - Outstanding Debtors	7,255,607	5,111,082
15,040,000	15,050,000	Fines	6,320,037	8,501,986
58,026,194	95,026,610	Government Grants and Subsidies	90,782,412	59,032,012
37,947,075	35,041,536	Other Income	28,137,539	28,587,980
206,671,229	260,394,346	TOTAL REVENUE	238,630,542	191,674,568
EXPENDITURE				
51,578,448	63,917,186	Employee Related Costs	57,455,870	44,839,063
5,159,241	5,002,565	Remuneration of Councillors	4,885,908	5,070,514
13,194,525	11,189,897	Bad Debts	11,189,897	13,194,525
0		Collection Costs		
4,129,255	4,924,574	Depreciation	2,413,948	2,603,256
9,606,685	14,952,970	Repairs and Maintenance	12,338,401	8,679,520
5,084,957	5,274,435	Interest on External Borrowings	3,976,790	2,997,700
15,353,600	17,014,542	Bulk Purchases	17,013,556	15,765,001
13,647,767	18,373,482	Contracted Services	8,349,091	11,555,140
0		Grants and Subsidies paid		
49,536,751	53,065,303	General Expenditure	50,919,101	46,105,809
167,291,229	193,714,954	EXPENDITURE	168,542,562	150,810,528
35,380,000	61,679,392	Contributions to fixed assets	61,532,563	30,795,934
4,000,000	5,000,000	Contributions to funds, reserves	2,249,240	1,587,481
0	0	Loss on disposal of Property, Plant and Equipment		
206,671,229	260,394,346		232,324,365	183,193,943
0		Less: Inter Dep Charges		
206,671,229	260,394,346	NET EXPENDITURE	232,324,365	183,193,943
-	-	SURPLUS/(DEFICIT) FOR THE YEAR	6,306,177	8,480,625

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR
ENDED 30 JUNE 2008

2006/2007 Actual Income	2006/2007 Actual Expenditure	2006/2007 Surplus/ (Deficit)		2007/2008 Actual Income	2007/2008 Actual Expenditure	2007/2008 Surplus/ (Deficit)
R	R	R		R	R	R
11,429,125	14,186,790	(2,757,665)	Executive & Council	13,716,671	24,906,820	(11,190,149)
6,847,103	7,159,161	(312,058)	Directorate Corporate Services	7,952,649	12,246,340	(4,293,691)
4,582,022	7,027,629	(2,445,607)	Council's General Expenses	5,764,022	12,660,480	(6,896,458)
56,226,933	30,100,711	26,126,222	Finance & Admin	67,493,512	25,939,463	41,554,049
26,343,644	20,950,294	5,393,350	Financial Services	31,661,467	17,612,989	14,048,478
24,174,395	2,446,009	21,728,386	Property Rates	30,637,968	237	30,637,731
1,558,629	1,194,417	364,212	Information Technology	1,558,629	1,483,744	74,885
1,931,269	1,736,601	194,668	Human Resources	1,847,781	2,407,258	(559,477)
2,218,996	3,460,194	(1,241,198)	Property Services	1,787,667	4,266,185	(2,478,518)
-	313,196	(313,196)	Internal Audit	-	169,050	(169,050)
3,639,494	5,274,844	(1,635,350)	Planning & Development	3,571,764	6,453,699	(2,881,935)
2,423,323	1,433,759	989,564	Town Planning	3,322,866	2,085,698	1,237,168
1,216,171	2,253,604	(1,037,433)	IDP / LED	248,898	1,512,763	(1,263,865)
			Property Management	-	136,480	(136,480)
			Building Control		469,518	(469,518)
	1,587,481	(1,587,481)	Asset Finance Reserve		2,249,240	(2,249,240)
1,866,804	1,544,476	322,328	Health	-	-	-
1,188,090	943,701	244,389	Clinic Services			-
		-	Public Health Services			-
571,278	508,735	62,543	Grabouw Health Centre			-
107,436	92,040	15,396	Grabouw X-Ray Unit			-
3,103,450	5,463,825	(2,360,375)	Community & Social Services	3,572,171	7,320,171	(3,748,000)
2,927,995	5,077,344	(2,149,349)	Library	3,383,052	6,846,727	(3,463,675)
175,455	386,481	(211,026)	Cemeteries	189,119	473,444	(284,325)
194,458	2,120,424	(1,925,966)	Housing	1,828	2,998,591	(2,998,763)
194,458	2,120,424	(1,925,966)	Admin Housing and Informal Settlements	1,828	2,998,591	(2,998,763)
		-	Scheme Rentals			-
7,021,885	9,457,959	(2,436,074)	Public Safety	6,331,339	8,869,819	(2,538,480)
7,017,070	8,624,920	(1,607,850)	Traffic Services	6,320,037	7,670,669	(1,350,632)
-	316,762	(316,762)	Civil Protection & Fire Protection		395,472	(395,472)
-	304,048	(304,048)	Law Enforcement		751,601	(751,601)
4,815	212,229	(207,414)	Other	11,302	52,077	(40,775)
151,779	4,879,303	(4,727,524)	Sport & Recreation	147,523	5,896,216	(5,748,693)
-	3,233,256	(3,233,256)	Parks and Recreation		3,659,762	(3,659,762)
135,630	484,355	(348,725)	Swimming pool & Camping Site	136,701	485,726	(349,025)
2,781	794,855	(792,074)	Nature reserve	442	961,785	(961,343)
13,368	366,837	(353,469)	Sports Grounds	10,380	788,943	(778,563)
-	38,678	(38,678)	Environmental Protection	-	-	-
-	38,678	(38,678)	Pollution Control			-
12,849,155	12,663,355	185,800	Waste Management	15,102,640	14,259,650	842,990
12,849,155	12,663,355	185,800	Solid Waste	15,102,640	14,259,650	842,990
10,658,636	9,336,333	1,322,303	Waste Water Management	11,788,886	10,916,303	872,583
10,226,196	5,594,501	4,631,695	Sewerage	11,018,382	5,503,699	5,514,683
-	2,655,120	(2,655,120)	Sewerage Purification		3,416,131	(3,416,131)
432,440	1,086,712	(654,272)	Sewerage Tanker Services	770,504	1,996,473	(1,225,969)
		-				-
3,788,938	14,407,909	(10,618,971)	Road Transport	5,060,603	16,250,187	(11,189,584)
144,126	536,158	(392,032)	Proclaimed Main Roads	1,000,510	922,567	77,943
851	11,183,338	(11,182,487)	Roads	-	12,216,607	(12,216,607)
3,643,961	2,688,413	955,548	Vehicle Licensing and Testing	4,060,093	3,111,013	949,080
20,958,457	18,234,160	2,724,297	Water	21,809,729	20,479,896	1,329,833
20,958,457	18,234,160	2,724,297	Water Distribution	21,809,729	20,479,896	1,329,833
23,236,855	18,956,025	4,280,830	Electricity	27,341,564	20,170,555	7,171,009
23,236,855	18,956,025	4,280,830	Electricity Distribution	27,341,564	20,170,555	7,171,009
36,548,599	36,529,151	19,448	Other	62,692,312	67,862,995	(5,170,683)
-	429,418	(429,418)	Stores and Workshops			-
30,795,929	30,795,929	-	Subsidies and Grants	62,230,921	62,230,921	-
1,270,202	969,573	300,629	Admin. : Community Services	-	-	-
4,482,468	4,334,231	148,237	Admin. : Operational Services	461,391	4,468,299	(4,006,908)
			Admin: Planning and Development		1,163,775	(1,163,775)
191,674,568	183,193,943	8,480,625	TOTAL	238,630,542	232,324,365	6,306,177
	(7,639,764)		Appropriations for the year (Refer to note 17)			-13,204,744
	840,861		Net surplus/(deficit) for the year			-6,898,567
	13,121,394		Accumulated surplus/(deficit) at the beginning of the year			13,962,255
	13,962,255		Accumulated surplus/(deficit) at the end of the year			7,063,688

APPENDIX F

STATISTICAL INFORMATION (as at 30 June)

	2008	2007	2006
1	General statistics		
a	Population (2001 Census)	93,276	93,276
b	Number of Households (2001 Census)	23,046	23,046
c	Number of Councillors	23	23
d(i)	Number of employees in the service of the Council	547	497
d(ii)	Number of posts identified in the organisation structure	714	525
e	Area in sq. kilometres	324,599	324,599
f	Number of registered voters	45044	45044
2	Electricity statistics		
a	Number of consumers	7,915	6,333
b	kWh purchased	62,857,932	61,051,259
c	kWh sold	58,689,264	56,610,050
d	Distribution loss (kWh)	4,168,668	4,441,209
e	Distribution loss (%)	6.63	7.27
f	Cost per kWh purchased	R 0.20	R 0.19
g	Loss with distribution (d x f)	R 851,659	R 858,486
h	Cost per kWh sold (expenditure / c)	R 0.1588	R 0.3750
i	Income per kWh sold (income / c)	R 0.39	R 0.37
3	Water statistics		
a	Number of consumers	13,758	11,671
b	m3 sold	3,578,657	3,624,555
c	Loss with distribution	18	22
4	Sundry Statistics		
a	Building plans passed	137	445
a(ii)	Value of building plans passed	R 95,720,350	29,216,062
b	Number of waste removal points p.m.	13,437	13,693
c	Number of sewerage points p.m.	12,219	12,612
d	Sewerage purification (m3)	3,880,838	3,742,548
e	Sewerage purification cost per m3	2.16	2.89
f	Housing Rentals	45	126
g	Number of Informal Settlements	3,903	3,220
h	Number of receipts issued	136,335	106,900
i	Number of Library books issued	345,119	382,813
5	Indigent & Credit Control Statistics		
a	Number of Indigent Households	5,859	5,217
b	Cash value of Indigent Subsidies	5,451,662	6,812,795
c	Disconnections due to non-payment:		
	Electricity	89	299
	Water	1,014	2,258
d	Reconnections due to non-payment:		
	Electricity	72	241
	Water	159	580
e	Total amount handed over i.r.o. outstanding debtors	0	0
f	Percentage of Households with access to basic services	100%	100%
g	Percentage of indigent households with access to basic services	100%	100%

APPENDIX F(2)

LIQUIDITY RATIOS & FINANCIAL INDICATORS AS AT 30 JUNE

		Note	R	Indicator	2008	2007	2006
1	Current Assets/Current Liabilities				1.70:1	1.55:1	1.53 : 1
	<u>Current Assets</u>	B/Sheet	54,066,158				
	<u>Current Liabilities</u>	B/Sheet	31,736,241				
2	External Loan Debt to Capital Outlay			%	14.46	22.86	9.79
	<u>External loan debt X 100</u>	App. B	56,791,326				
	<u>Capital Outlay</u>	App. C	392,784,674	X 100			
3	Average period of outstanding loan debt			Years	38.39	20.15	16.06
	<u>Total Loan debt</u>	App. B	56,791,326				
	<u>Redemption for this year</u>		1,479,274				
4	Loan Debt servicing costs (External)			%	2.29	2.43	2.40
	<u>Capital charges(External) X 100</u>	Note 16	5,456,065				
	<u>Total Income</u>	App. D	238,630,542	X 100			
5	Working capital requirement as a percentage of Total Income			%	22.66	19.37	5.95
	<u>Net Current Assets X 100</u>	B/Sheet	54,066,158				
	<u>Total Income</u>	App. D	238,630,542	X 100			
6.1	Increase in outstanding debtors for services			%	26.44	13.16	23.51
	<u>Increase in Debtors</u>		27,842,688				
	<u>Service levies</u>		105,296,912	X 100			
6.2	Increase in outstanding debtors for services (bad debts written off excluded)			%	9.82	11.91	23.66
	<u>Increase in Debtors</u>		10,335,929				
	<u>Service levies</u>		105,296,912	X 100			
7	Outstanding Debtors to Revenue- Act 32/2000			%	12.50	9.39	11.56
	<u>Total Outstanding Services Debtors</u>		18,474,004				
	<u>Annual Income</u>		147,848,130	X 100			
8	Debt Coverage - Act 32/2000			%	2709.79	3320.17	3364.33
	<u>Total Income - Conditional Grants</u>		147,848,130				
	<u>Capital Charges</u>		5,456,065	X 100			
9	Cost Coverage - Act 32/2000			%	8.74	9.41	4.40
				Days	31.90	34.35	16.05
	<u>Cash and Investments</u>		20,313,932				
	<u>Fixed Expenses</u>		232,324,365	X 100			